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Year End 2015 Market Commentary

Slowing global growth, crashing commodities, depreciating currencies and correcting stocks highlighted the investing climate for 2015. The market continued to purge the excesses of a historic boom in commodities, particularly energy. When commodity prices were far above the cost of production, massive capital spending was unleashed and extraordinary "supply shocks" resulted. Now we see the aftermath of the "easy money lending" that helped inflate bubble prices as capital allocation becomes undisciplined. In 2015, major stock market indices masked the correction and recessions in transportation, industrial manufacturing materials and energy. As an investor, it is so critical to study the supply and demand for industries and companies, as "supply gluts" fueled by excessive borrowed money can be devastating. The stock of Glencore, a global mining giant, has declined over 75% from its peak in 2012 thanks to the firm's penchant for overpaying and overborrowing. Agriculture is also suffering from the combined challenges of low crop prices, driven by productivity gains, and currency price declines of competing emerging markets. If you produce soybeans, the current selling price is under the cost of production. Worse, the currency of top producer Brazil has declined by 40% versus the dollar, making it very difficult to compete. This is not good if you make a living selling $500,000 grain combines. Currency changes competitively impact many US companies. Indeed, those in Standard & Poor's 500 stock index currently derive 46% of their revenues abroad.

With exponential increases in data, the ability to overproduce goods is leading to problems of "abundance." Small teams armed with technology are transforming entire industries. US oil production from shale fields increased from 5.5 million barrels per day in 2009 to 9.9 million in 2014. Energy price declines normally are good for consumption based economies like the US. In fact, recessions in the 1970s were a direct result of parabolic increases in energy prices. However, the ferocity of energy price declines (down some 70% over 18 months) has put a damper on US GDP. Witness a 73% drop in forecasted fourth quarter earnings for energy firms in domestic shale drilling and corresponding cutbacks in capital spending (over $315 billion). Still, lower fuel prices led to record car travel—two trillion miles traveled this past year. With the advent of driverless car technology, the number is projected to climb to three trillion over the next twenty years. People are eating out more than at home for the first time in history. Spending is strong for air travel, cruises and "experiences" in general. Consumption expenditures are running the highest since 2006. Food, beverage, healthcare and other necessity items are showing solid demand. Lower energy prices give room for an energy tax to fund the infrastructure needs in the US. With the growth of online retailer deliveries, a major investment in infrastructure is needed, which would be a boost to the domestic economy. The US continues to be a destination for global money seeking strong "rule of law" protections. China had record outflows, over $800 billion this past year, and much of it landed in America.

Stomaching Market Volatility

It is normal in a free functioning market to fluctuate. Volatility is not risk. The long term loss of purchasing power equates to risk. The dollar's purchasing power has declined 98% since 1914. That is risk. Navigating through all kinds of markets the past 30 years or so has led me to believe that one's stomach is the organ most crucial to realizing high compounded returns—maybe more than high IQ. On average US markets have endured 50 corrections of greater than 10% in 100 years. There are 25% drops on average every 42 months. Price swings average 50% annually among shares listed on the New York Stock Exchange. While company ownership beats most investment classes over long periods, the volatility often takes people out of the game, especially in extreme bear markets. I remember like yesterday the 33% drop in 1987—in a strong economy. That post-crash period was a tremendous time to invest, yet the volatility was off the charts. As outstanding investor Shelby Cullom Davis said, "you make most of your money in a bear market, you just don't realize it at the time." The best advice a client gave to a referral, which made his family substantial sums over the past thirty years, was to "never look at the market." Great investors typically keep the emotions and ego out of decisions. They instead keep searching for facts and truth while zeroing in on "knowable" fundamentals. Holding tenaciously onto great businesses and assets pays off over the long term and crushes other investment schemes. The market is there to serve, not guide, and you need to know what you own when it goes down. (And it always goes down!) As opposed to predicting markets, we shop for businesses and managements that can survive and thrive in downturns. Companies with poor balance sheets in commoditized markets currently face stiff headwinds. It is important to remember that stocks represent an ownership interest in a real business and are not a lottery ticket. If the business is focused on their customers and improving execution, returns will follow.

Recall that low oil prices led Russia to default in 1998. We see the market discounting a similar event with Nigeria, Venezuela or Russia if prices stay low. High risk, CCC-rated junk bond yields have doubled from 10% to 20%. Whenever an asset price has a precipitous decline there are all kinds of repercussions. Sovereign wealth funds tied to oil have been heavy sellers of index funds to shore up their capital base. Currency devaluations continue to pressure earnings with close to half of S&P 500's revenues impacted. And bankers are being hurt by central bank policies promoting negative real interest rates (when a bond's tiny coupon can't keep up with inflation). We have been warning for some time of the extreme bubble valuations in publicly traded biotech stocks and private Silicon Valley startups dubbed Unicorns. Both now show signs of cracking. Venture firms I have met with say the valuations in those companies are higher than in 1999.

Year End 2015 Auxier Focus Fund Performance Update

AUXIER FOCUS FUND
December 31, 2015

ANNUALIZED

	Inception *	15 Year	Ten Year	Five Year	Three Year	One Year
Auxier Focus Fund Investor Class Shares	6.99%	7.22%	6.32%	8.54%	9.49%	-1.23%
S&P 500 Index	4.27%	5.00%	7.31%	12.57%	15.13%	1.38%
Morningstar Large Value Category Average		5.38%	5.59%	9.75%	11.63%	-4.05%

CUMULATIVE

	Inception *	15 Year	Ten Year	Five Year	Three Year	One Year
Auxier Focus Fund Investor Class Shares	204.7%	184.47%	84.55%	50.67%	31.26%	-1.23%
S&P 500 Index	99.10%	107.99%	102.42%	80.75%	52.59%	1.38%

* Fund inception: July 9, 1999

Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. As stated in the current prospectus, the Fund's Investor Class Share's annual operating expense ratio (gross) is 1.27%. The Fund's adviser has contractually agreed to waive a portion of its fee and/or reimburse Fund expenses to limit total annual operating expenses at 1.14%, which is in effect until October 31, 2016. Other share classes may vary. The Fund charges a 2.0% redemption fee on shares redeemed within six months of purchase. For the most recent month-end performance, please call (877)328-9437 or visit the Adviser's website at www.auxierasset.com. The recent growth rate in the stock market has helped to produce short-term returns that are not typical and may not continue in the future.

Portfolio Highlights

In fourth quarter 2015, Auxier Focus Fund's investor class gained 5.60%. The stocks in the portfolio grew 6.83%, slightly trailing the corresponding 7.04% return of the S&P 500 index. For the full year the Fund declined 1.23%, compared with a 1.38% gain for S&P 500 index. The averages masked a far more difficult environment. Median stocks in the Russell 3000 Index finished down 20.90% from their 52-week high. Only 30% of the stocks on the NYSE ended the year in an uptrend. The Fund ended the year with 12% held in cash and "work-outs" (market agnostic positions), 74% in US stocks and 14% in foreign stocks. Negative currency translations were a drag on our foreign holdings, which offset better domestic performers. We started the year with less than 4% exposure to energy. And we ended with slightly less as our refiners outperformed the major integrated oils.

Instead of trying to predict or "play" the markets, we focus on gaining cumulative knowledge in industries and superior businesses with strong managements. We believe the economy is entering a negative credit cycle. That's when higher risk corporate debt spreads widen in the face of increasing defaults. So we feel it is more important than ever to scrutinize the balance sheet of each business. Companies that sell large ticket items like cranes or require high mandatory capital spending are riskier given the growth in debt levels worldwide. We favor managements that have honed their competitive advantages to better serve customers. These businesses should have the ability to deliver output that will retain purchasing power while requiring a minimum of new investment. Most of the stocks we seek and own have high returns on capital and high free cash flow yields with low mandatory capital spending requirements. Declining energy and commodity inputs provide a tailwind to many of the strong quality franchises we own. Gas savings have been going into increased travel, dining out and "experiences." Services comprise over 85% of the US economy, and fundamentals in housing (encouraging household formations), hospitality, leisure and healthcare are holding up. While consumer sentiment on main street is looking up, the mood on Wall Street is dour, with recent sentiment the most negative since 2009. The recession in manufacturing and transportation is starting to present opportunities to buy outstanding management teams at bargain prices. We constantly seek a "catalyst" to provide gains in flat and declining markets that often take the form of split-ups or consolidations. Since the early 1980s, we have approached the markets in a systematic, rational, low risk manner. We tend to do better in difficult markets. Our competitive advantages are cumulative knowledge of individual businesses, passion for research, and emphasis on price versus value. Since we started the Fund in 1999, an investment of $10,000 in the Dow Jones industrials has grown to $23,075 and to $20,037 invested in the S&P 500. Each lagged behind a corresponding hypothetical $10,000 stake in the Auxier Focus Fund Investor Shares, which has grown to $30,474. And that's despite the Fund's average equity exposure of less than 85%. Within ten years of the Fund's inception, the market suffered two declines in excess of 40%. In the US, only one in five companies survive 15 years.

Top Holdings on 12/31/2015	% Assets
Pepsico Inc.	3.6
Bank of New York Mellon	3.5
Kroger	3.4
Microsoft	3.0
Molson Coors Brewing	2.9
Medtronic	2.9
Philip Morris	2.8
Unitedhealth Group	2.8
Johnson & Johnson	2.4
Mastercard	2.3

During times of extreme volatility, I have found it helpful to study investors who have survived and thrived during market and economic turmoil. J. Paul Getty excelled in the oil industry, particularly during the difficult 1930s. These are some of his thoughts:

- "The big profits go to the intelligent, careful and patient investor, not to the restless overeager speculator. The seasoned investor buys stocks when they are low, holds them for the long pull rise, and takes in between dips and slumps in stride."
- "Separate fact from opinion and dig deep for facts and challenge expert opinion. A man's opinions are less valuable than the information he gathers."

- "Buy when everyone else is selling and hold until everyone else is buying. That's not just a catchy slogan. It is the very essence of successful investing."

We appreciate your trust.

Jeff Auxier

Before investing you should carefully consider the Fund's investment objectives, risks, charges and expenses. This and other information is in the prospectus, a copy of which may be obtained by calling (877) 328-9437 or visiting the Fund's website. Please read the prospectus carefully before you invest.

Fund returns (i) assume the reinvestment of all dividends and capital gain distributions and (ii) would have been lower during the period if certain fees and expenses had not been waived. Performance shown is for the Fund's Investor Class shares; returns for other share classes will vary. Performance for Investor Class shares for periods prior to December 10, 2004 reflects performance of the applicable share class of Auxier Focus Fund, a series of Unified Series Trust (the "Predecessor Fund"). Prior to January 3, 2003, the Predecessor Fund was a series of Ameriprime Funds. The performance of the Fund's Investor Class shares for the period prior to December 10, 2004 reflects the expenses of the Predecessor Fund.

The Fund may invest in value and/or growth stocks. Investments in value stocks are subject to risk that their intrinsic value may never be realized and investments in growth stocks may be susceptible to rapid price swings, especially during periods of economic uncertainty. In addition, the Fund may invest in mid-sized companies which generally carry greater risk than is customarily associated with larger companies. Moreover, if the Fund's portfolio is overweighted in a sector, any negative development affecting that sector will have a greater impact on the Fund than a fund that is not overweighted in that sector. An increase in interest rates typically causes a fall in the value of a debt security (Fixed-Income Securities Risk) with corresponding changes to the Fund's value.

Foreside Fund Services, LLC, distributor.

The S&P 500 Index is a broad-based, unmanaged measurement of changes in stock market conditions based on 500 widely held common stocks. The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq. The Russell 3000 Index is a market capitalization weighted equity index maintained by the Russell Investment Group that seeks to be a benchmark of the entire U.S. stock market. One cannot invest directly in an index or average.

The views in this shareholder letter were those of the Fund Manager as of the letter's publication date and may not reflect his views on the date this letter is first distributed or anytime thereafter. These views are intended to assist readers in understanding the Fund's investment methodology and do not constitute investment advice.